

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

PENNZOIL-QUAKER STATE CO.,)	
)	2:05cv1505
Plaintiff,)	Electronic Filing
)	
v.)	Judge David S. Cercone
)	Magistrate Judge Lisa Pupo Lenihan
KEITH R. SMITH, d/b/a LUBE PRO,)	
)	
Defendant.)	Doc. 38, 42
)	

MEMORANDUM ORDER

Plaintiff's Complaint was received by the Clerk of Court on October 28, 2005, and was referred to United States Magistrate Judge Lisa Pupo Lenihan for pretrial proceedings in accordance with the Magistrate Judges Act, 28 U.S.C. § 636(b)(1), and Rules 72.1.3 and 72.1.4 of the Local Rules for Magistrate Judges on November 2, 2005.

The Magistrate Judge's Report and Recommendation, filed on March 7, 2008 (Doc. No. 48), recommended that Plaintiff's Supplemental Motion for Summary Judgment (Doc. No. 42) be granted as to Count I (Federal Trademark Infringement), Count III (Federal Unfair Competition), Count V (Common Law Trademark Infringement and Unfair Competition), and Count VII (False Advertising), and denied as to Count II (Trademark Counterfeiting), Count IV (Federal Trademark Dilution), Count VI (Pennsylvania Trademark Dilution), and Count VIII (Unjust Enrichment). The Report and Recommendation further recommended that Defendant's Motion for Summary Judgment (Doc. No. 38) be granted as to Counts II, IV, VI and VIII, and denied as to Counts I, III, V, and VII. The Report and Recommendation further recommended that summary judgment be entered in Plaintiff's favor as to all of the affirmative defenses raised by Defendant in his Memorandum of Fact

and Law in Support of Defendant's Motion for Summary Judgment (Doc. 39). The Report and Recommendation also recommended that Plaintiff's request for a permanent injunction and an award of reasonable attorneys' fees and costs be granted, but Plaintiff's request for statutory damages be denied.

Service was made on counsel for all parties. On March 17, 2008, Defendant filed Objections to the Report and Recommendation (Doc. No. 50), objecting only to that portion of the Magistrate Judge's recommendation that awarded reasonable attorney's fees to Plaintiff. On that same date, Defendant filed a Suggestion of Bankruptcy (Doc. No. 49), indicating that on September 20, 2007, he filed for relief under Chapter 13 of the United States Bankruptcy Code at Docket No. 07-25925. In light of the pending bankruptcy, the Court ordered this case statistically closed, and further ordered defense counsel to show cause why his conduct in failing to timely notify the Court of the bankruptcy proceeding did not violated Rule 11(b). Defense counsel filed a response to the show cause order (Doc. No. 52) on April 7, 2008.

While this issue remained pending, on July 18, 2008, Plaintiff filed a motion to reinstate the case (Doc. No. 53), in light of the July 8, 2008 Stipulated Order of the Bankruptcy Court ("Stipulated Order") granting Plaintiff's motion for relief from the automatic stay *nunc pro tunc*. In the Stipulated Order, the Bankruptcy Court approved the parties' agreement to terms relating to Pennzoil's claims against the Defendant/Debtor, including among others:

1. The lifting of the stay shall be *nunc pro tunc*, effective as of the commencement of the Bankruptcy case;
2. The lifting of the stay shall include enforcement of all injunctive or other equitable relief, and enforcement and recovery of any monetary relief that may be granted in the District Court case;

3. Defendant/Debtor agrees to withdraw his Objections to the Report and Recommendation (Doc. No. 50), and agrees that if the Magistrate Judge reinstates the previously issued Report and Recommendation, or issues a revised Report and Recommendation on terms substantially equivalent to the initial Report and Recommendation, he will not lodge objections.
4. Defendant/Debtor agreed not to oppose a request by Plaintiff that it be permitted to withdraw its counterfeiting and dilution claims in the District Court case so that the Magistrate Judge may reissue the Report and Recommendation in virtually the same forms except for those claims;
5. Defendant/Debtor agreed that Plaintiff has the right to petition the District Court for an award of attorneys' fees and other monetary relief pursuant to the Report and Recommendation, and that he will not oppose such request for attorneys' fees.

See Stipulated Order, at ¶¶ 5.A., 5.B., 5.C., 5.E., & 5.F. (attached to Doc. No. 53 as Ex. 1). On July 21, 2008, the Magistrate Judge entered an order reinstating the case and subsequently held a status conference on August 13, 2008, at which time the Magistrate Judge reinstated the original Report and Recommendation filed on March 7, 2008, in light of the lifting *nunc pro tunc* of the automatic stay as of the commencement of the Bankruptcy case. The Magistrate Judge noted at the status conference that the Order to Show Cause issued on March 31, 2008 remained pending and that the parties suggested that this issue be addressed simultaneously with the fee petition that Plaintiff intended to file pursuant to the Report and Recommendation and the Stipulated Order. (Doc. No. 56.) On August 18, 2008, Plaintiff filed a Stipulation for Voluntary Dismissal of Count II (Federal Trademark Counterfeiting), Count IV (Federal Trademark Dilution), and Count VI (Trademark Dilution under State Law) (Doc. No. 57), which was approved by the Court on August 19, 2008 (Doc. No. 58).

After a *de novo* review of the pleadings and documents in the case, together with the Report and Recommendation, and the Stipulated Order, and the Court having approved the Stipulation for Voluntary Dismissal of ~~Counts~~^{ff} II, IV, and VI, the following Order is entered:

AND NOW, this 26th day of August, 2008,

IT IS HEREBY ORDERED that Plaintiff's Supplemental Motion for Summary Judgment (Doc. No. 42) is GRANTED IN PART AND DENIED IN PART. Plaintiff's Motion is GRANTED as to Counts I, III, V, and VII, but DENIED as to Count VIII. Judgment is entered in favor of Plaintiff on Counts I, III, V, and VII.

IT IS FURTHER ORDERED that Defendant's Motion for Summary (Doc. No. 38) Judgment is GRANTED IN PART AND DENIED IN PART. Defendant's Motion is GRANTED as to Count VIII, but DENIED as to Counts I, III, V, and VII. Judgment is entered in favor of Defendant as to Count VIII.

IT IS FURTHER ORDERED that Judgment is entered in favor of Plaintiff as to all of the affirmative defenses raised by Defendant in his Memorandum of Fact and Law in Support of his Motion for Summary Judgment (Doc. No. 39).


IT IS FURTHER ORDERED that Plaintiff's request for a permanent injunction is GRANTED. In particular, the Court orders that:

1. Defendant and Defendant's agents, servants, employees, attorneys, and all those persons in active concert or participation with him, from using the PENNZOIL marks, in commerce, in any manner with regard to his oil change business, Lube Pro;
2. Defendant shall deliver to Plaintiff any and all signage and other advertising or promotional materials in the possession of Defendant or under his control bearing any of the PENNZOIL mark; and,

3. Defendant shall file with the Court, within thirty (30) days of the date of this Order, a report in writing and under oath setting forth in detail the manner and form in which Defendant has complied with this Injunction Order.

IT IS FURTHER ORDERED that Plaintiff's request for an award of reasonable attorneys' fees is GRANTED, but its request for an award of statutory damages is DENIED. Plaintiff shall file its Fee Petition and supporting documentation within 20 days of the date of this Order. The Court will address the issue raised in its Show Cause Order dated March 31, 2008 when considering Plaintiff's Fee Petition.

The Report and Recommendation of Magistrate Judge Lenihan, dated March 7, 2008, and reinstated on August 13, 2008, excluding that part of the Report and Recommendation addressing the claims voluntarily dismissed by Plaintiff on August 18, 2008, is adopted as the opinion of the Court.



David Stewart Cercone
United States District Judge

cc: Lisa Pupo Lenihan
United States Magistrate Judge

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